

REFERENCE TITLE: elderly homeowners; class six property

State of Arizona  
House of Representatives  
Fifty-fourth Legislature  
First Regular Session  
2019

# HB 2614

Introduced by  
Representative Thorpe

AN ACT

AMENDING SECTIONS 32-1131 AND 42-12006, ARIZONA REVISED STATUTES; RELATING  
TO RESIDENTIAL REAL PROPERTY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 32-1131, Arizona Revised Statutes, is amended to  
3 read:

4 32-1131. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Assessment" means the contribution by a contractor to the  
7 residential contractors' recovery fund.

8 2. "Fund" means the residential contractors' recovery fund.

9 3. "Person injured":

10 (a) Means any owner of residential real property that is either  
11 noncommercial historic property as defined in section 42-12101 or  
12 classified as class three property under section 42-12003 OR AS CLASS SIX  
13 PROPERTY UNDER SECTION 42-12006, PARAGRAPH 9. The property must also be  
14 actually occupied or intended to be occupied by the owner as a residence  
15 including community property, tenants in common or joint tenants who are  
16 damaged by the failure of a residential contractor or a dual licensed  
17 contractor to adequately build or improve a residential structure or  
18 appurtenance on that real property.

19 (b) Includes lessees of residential real property who contract  
20 directly with a residential contractor or indirectly with a subcontractor  
21 of that contractor and homeowners' or unit owners' associations after  
22 transfer of control from the builder or developer for damages to the  
23 common elements within the complex.

24 4. "Residential contractor" means a contractor as defined in  
25 section 32-1101 who is licensed to perform work on residential property  
26 pursuant to this chapter and who engages in residential contracting.

27 Sec. 2. Section 42-12006, Arizona Revised Statutes, is amended to  
28 read:

29 42-12006. Class six property

30 For purposes of taxation, class six is established consisting of:

31 1. Noncommercial historic property as defined in section 42-12101  
32 and valued at full cash value.

33 2. Real and personal property that is located within the area of a  
34 foreign trade zone or subzone established under 19 United States Code  
35 ~~section 81~~ SECTIONS 81a THROUGH 81u and title 44, chapter 18, that is  
36 activated for foreign trade zone use by the district director of the  
37 United States customs service pursuant to 19 Code of Federal Regulations  
38 section 146.6 and that is valued at full cash value. Property that is  
39 classified under this paragraph shall not thereafter be classified under  
40 paragraph 6 of this section.

41 3. Real and personal property and improvements that are located in  
42 a military reuse zone that is established under title 41, chapter 10,  
43 article 3 and that is devoted to providing aviation or aerospace services  
44 or to manufacturing, assembling or fabricating aviation or aerospace

1 products, valued at full cash value and subject to the following terms and  
2 conditions:

3 (a) Property may not be classified under this paragraph for more  
4 than five tax years.

5 (b) Any new addition or improvement to property already classified  
6 under this paragraph qualifies separately for classification under this  
7 paragraph for not more than five tax years.

8 (c) If a military reuse zone is terminated, the property in that  
9 zone that was previously classified under this paragraph shall be  
10 reclassified as prescribed by this article.

11 (d) Property that is classified under this paragraph shall not  
12 thereafter be classified under paragraph 6 of this section.

13 4. Real and personal property and improvements or a portion of such  
14 property comprising an environmental technology manufacturing, producing  
15 or processing facility that qualified under section 41-1514.02, valued at  
16 full cash value and subject to the following terms and conditions:

17 (a) Property shall be classified under this paragraph for twenty  
18 tax years from the date placed in service.

19 (b) Any addition or improvement to property already classified  
20 under this paragraph qualifies separately for classification under this  
21 subdivision for an additional twenty tax years from the date placed in  
22 service.

23 (c) After revocation of certification under section 41-1514.02,  
24 property that was previously classified under this paragraph shall be  
25 reclassified as prescribed by this article.

26 (d) Property that is classified under this paragraph shall not  
27 thereafter be classified under paragraph 6 of this section.

28 5. That portion of real and personal property that is used on or  
29 after January 1, 1999 specifically and solely for remediation of the  
30 environment by an action that has been determined to be reasonable and  
31 necessary to respond to the release or threatened release of a hazardous  
32 substance by the department of environmental quality pursuant to section  
33 49-282.06 or pursuant to its corrective action authority under rules  
34 adopted pursuant to section 49-922, subsection B, paragraph 4 or by the  
35 United States environmental protection agency pursuant to the national  
36 contingency plan (40 Code of Federal Regulations part 300) and that is  
37 valued at full cash value. Property that is not being used specifically  
38 and solely for the remediation objectives described in this paragraph  
39 shall not be classified under this paragraph. For the purposes of this  
40 paragraph, "remediation of the environment" means one or more of the  
41 following actions:

42 (a) Monitoring, assessing or evaluating the release or threatened  
43 release.

44 (b) Excavating, removing, transporting, treating and disposing of  
45 contaminated soil.

1 (c) Pumping and treating contaminated water.

2 (d) Treatment, containment or removal of contaminants in  
3 groundwater or soil.

4 6. Real and personal property and improvements constructed or  
5 installed from and after December 31, 2004 through December 31, 2024 and  
6 owned by a qualified business under section 41-1516 and used solely for  
7 the purpose of harvesting, transporting or processing qualifying forest  
8 products removed from qualifying projects as defined in section 41-1516.  
9 The classification under this paragraph is subject to the following terms  
10 and conditions:

11 (a) Property may be initially classified under this paragraph only  
12 in valuation years 2005 through 2024.

13 (b) Property may not be classified under this paragraph for more  
14 than five years.

15 (c) Any new addition or improvement, constructed or installed from  
16 and after December 31, 2004 through December 31, 2024, to property already  
17 classified under this paragraph qualifies separately for classification  
18 and assessment under this paragraph for not more than five years.

19 (d) Property that is classified under this paragraph shall not  
20 thereafter be classified under paragraph 2, 3 or 4 of this section.

21 7. Real and personal property and improvements to the property that  
22 are used specifically and solely to manufacture from and after December  
23 31, 2006 through December 31, 2023 biodiesel fuel that is one hundred ~~per~~  
24 ~~cent~~ PERCENT biodiesel and its by-products or motor vehicle biofuel and  
25 its by-products and that are valued at full cash value. This paragraph  
26 applies only to the portion of property that is used specifically for  
27 manufacturing and processing one hundred ~~per cent~~ PERCENT biodiesel fuel,  
28 or its related by-products, or motor vehicle biofuel, or its related  
29 by-products, from raw feedstock obtained from off-site sources, including  
30 necessary on-site storage facilities that are intrinsically associated  
31 with the manufacturing process. Any other commercial or industrial use  
32 disqualifies the entire property from classification under this paragraph.  
33 For the purposes of this paragraph, "motor vehicle biofuel" means a solid,  
34 liquid or gaseous fuel that is derived from biological material such as  
35 plant or animal matter, excluding organic material that has been  
36 transformed by geological processes into substances such as coal or  
37 petroleum or derivatives thereof, and that:

38 (a) Contains fuel additives in compliance with federal and state  
39 law.

40 (b) Is manufactured exclusively for use in a motor vehicle.

41 8. Real and personal property and improvements that are certified  
42 pursuant to section 41-1511, subsection C, paragraph 2 and that are used  
43 for renewable energy manufacturing or headquarters operations as provided  
44 by section 42-12057. This paragraph applies only to property that is used  
45 in manufacturing and headquarters operations of renewable energy

1 companies, including necessary on-site research and development, testing  
2 and storage facilities that are associated with the manufacturing process.  
3 Up to ten ~~per cent~~ PERCENT of the aggregate full cash value of the  
4 property may be derived from uses that are ancillary to and intrinsically  
5 associated with the manufacturing process or headquarters operation. Any  
6 additional ancillary property is not qualified for classification under  
7 this paragraph. No new properties may be classified pursuant to this  
8 paragraph from and after December 31, 2014. Classification under this  
9 paragraph is limited to the time periods determined by the Arizona  
10 commerce authority pursuant to section 41-1511, subsection C, paragraph 2,  
11 subdivision (a) or (b). Property that is classified under this paragraph  
12 shall not thereafter be classified under any other paragraph of this  
13 section.

14 9. REAL PROPERTY AND IMPROVEMENTS TO THE PROPERTY THAT ARE USED AS  
15 THE OWNER'S PRIMARY RESIDENCE, THAT ARE OWNED BY AN INDIVIDUAL WHO  
16 QUALIFIES FOR PROPERTY VALUATION PROTECTION UNDER ARTICLE IX, SECTION 18,  
17 SUBSECTION (7), CONSTITUTION OF ARIZONA, AND THAT ARE VALUED AT FULL CASH  
18 VALUE. TO QUALIFY UNDER THIS PARAGRAPH, THE INDIVIDUAL MAY NOT OWN OR  
19 HAVE ANY LEGAL, EQUITABLE, BENEFICIAL OR SECURITY INTEREST IN ANY OTHER  
20 REAL PROPERTY, WHEREVER LOCATED, EXCEPT INDIRECTLY THROUGH AN INVESTMENT  
21 SECURITY SUCH AS A MUTUAL FUND, THAT INCLUDES REAL PROPERTY AMONG ITS  
22 ASSETS. THIS PARAGRAPH DOES NOT APPLY TO ANY REAL PROPERTY AND  
23 IMPROVEMENTS WITH A FULL CASH VALUE OF \$600,000 OR MORE UNLESS THE  
24 PROPERTY QUALIFIES FOR VALUATION PROTECTION PURSUANT TO ARTICLE IX,  
25 SECTION 18, SUBSECTION (7), CONSTITUTION OF ARIZONA, AS OF DECEMBER 31,  
26 2019.